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UNITED STATES BANKRUPTCY COURT**EASTERN DISTRICT OF CALIFORNIA****FRESNO DIVISION**

In re:

Case No. 24-12709

KEWEL K. MUNGER dba MUNGER
INVESTMENTS,

Chapter 11

Debtor in Possession.

DC No.: CAE-1

SSN#: xxx-xx-8195

Date: November 7, 2024

Address: 2907 Oakley Street
Bakersfield, CA 93311

Time: 10:30 A.M.

Place: 510 19th Street
Bakersfield, CA

Judge: Honorable Jennifer E. Niemann

**DECLARATION OF KEWEL K. MUNGER IN SUPPORT OF DEBTOR'S FIRST
STATUS CONFERENCE STATEMENT**

I, Kewel K. Munger, hereby declare as follows:

1. I, Kewel (Kable) Munger, am the debtor in this individual Chapter 11 bankruptcy case. I am over the age of eighteen. Except as otherwise indicated all statements in this Declaration are based on my personal knowledge and my review of relevant business documents and information prepared by me or my staff at my request and direction; and, if called as a witness, I would so testify.

2. I am a farmer, agribusinessman and entrepreneur. I reside in Bakersfield, California, in Kern County. I am married to my estranged, non-debtor spouse, Janie Munger.

1 3. My brother, Baldev (David) Munger, and I are the sons of Lajpat Rai Munger, an
2 immigrant from India who, brought his family to the United States in 1966. Our father purchased
3 his first farm in 1971, and our family has been farming ever since. Our father handed off the reins
4 to the family business to David, my older brother, and me in 1988. Since that time, we have
5 worked tirelessly to grow our business to provide for our families and our descendants, to employ
6 many people, and to buy many goods and services. Today, David and I, and my children are
7 intimately involved in operating the businesses. For my sake, and to honor my father's legacy, I
8 genuinely hope our family farming business will continue for generations.

9 4. David is sixty-seven years old. He had stepped away from the business and retired;
10 but, due to my health and financial concerns, David recently came out of retirement to take an
11 active role. David currently oversees the farming activities. I oversee the processing and
12 marketing facets of the business. I am engaged in the business on a daily basis and work 75+ hours
13 per week.

14 **Financial Distress**

15 5. A number of powerful factors led to my decision to file for bankruptcy protection.
16 Ultimately, the root causes were: (a) the farming business sustaining significant operating losses
17 in recent years, (b) steeply declining real property values, (c) water concerns, (d) falling
18 commodity prices, (e) high interest rates increasing interest obligations on credit lines with
19 AgWest Farm Credit, our lender; (f) my wife Janie and I withdrawing more than our fair share
20 from the business over the last decade, causing dissention and lender concern, (g) David's
21 resistance to further withdrawals until my wife and I pay him back, (h) our lenders' expressed
22 concerns over continued owner withdrawals, (i) mounting legal bills due to my divorce, (j)
23 inflation and increased labor costs, (k) SGMA implementation and increased water costs, (l)
24 Ericksson's cancellation of its existing contract, (m) a lack of liquidity in the business, leading to
25 a lack of personal liquidity, and (n) personal health concerns.

26 6. My wife and I are personally liable on all of the loans from AgWest Farm Credit
27 as co-borrowers with David and some Munger Entities. My family has had a beneficial, long-term
28 relationship with AgWest Farm Credit (formerly Farm Credit West) for over thirty years. I

1 engaged in discussions with AgWest Farm Credit about my financial situation and I continue to
2 discuss solutions with AgWest Farm Credit, including debt reductions. Between my personal
3 assets and my share of the business assets, there should be ample property to pay down the AgWest
4 Farm Credit debt and satisfy creditors. But, my business assets are tied up in the family businesses.
5 I need the protections and structure of the bankruptcy process to facilitate an orderly sale of assets
6 to free up cash to pay down creditors and taxes stemming from the liquidation.

7 7. My goal is to utilize the bankruptcy process to: (i) facilitate an orderly sale of assets
8 while generating maximum value for the estate; (ii) liquidate some or all of my business interests
9 and real property, to facilitate repayment to AgWest Farm Credit and reduce the debt-to-income
10 ratio on existing loans so that my family business can continue on. The bankruptcy process will
11 help ensure assets are liquidated in an orderly manner, with full disclosures, marketing efforts,
12 bidding rights, and court oversight, avoiding a 'fire sale' and while maximizing value.

13 8. I begin by explaining the entity structure for my business interests. Then, I delve
14 into the business's financial woes in recent years. I continue by explaining how excessive
15 withdrawals by Janie and myself from the business, combined with a liquidity crunch for the
16 business itself, has led to our business loans being distressed. I conclude by explaining how filing
17 for bankruptcy will provide time and breathing room to liquidate non-performing assets (after full
18 marketing, and with court oversight) and free up cash to pay unsecured creditors and taxes.

19 **Personal Health Distress**

20 9. My physicians have diagnosed me with two serious medical conditions. The first
21 deals with my pancreas, where I have a rare condition that requires a major surgical procedure.
22 The other is a preexisting heart condition. Having had multiple heart arteries surgeries to date, my
23 cardiologist has advised me that currently no further surgeries can improve the current artery/heart
24 condition, only a lifestyle improvement of less stress can help me to prolong my life as I live with
25 this unfortunate heart condition.

26 10. The stress of recent events is taking a further toll on my physical well-being. I need
27 to resolve my involvement in the business while I can.

28 ///

1 **The Munger Entities**

2 11. I co-own multiple businesses with my brother, David, collectively referred to as
3 the “Munger Entities.” David and I are the operators and managers. My interest in these
4 businesses is community property. The Munger Entities are a vertically integrated, diversified
5 agri-business that operate and manage approximately 14,000 acres of land holdings across
6 California, Oregon, and Washington. This includes growing, harvesting, processing, and
7 marketing various agricultural products. Blueberries and pistachios are the two major
8 commodities, which account for more than 75% of the Munger Entities’ farming revenues.
9 Robert Hawk is the Chief Executive Officer for the various Munger Entities; he has been in this
10 position for over nine years. Kevin Noell, CPA, is the longtime financial advisor and acting
11 interim Chief Financial Officer of the Munger Entities. The Munger Entities have a full
12 management staff; collectively, the Munger Entities employ over 2,000 people at peak season.

13 12. In addition to ownerships through entities, my wife Janie and I also own multiple
14 real properties as community property, which we lease to Munger Entities. David also owns
15 considerable land holdings, which he leases to the Munger Entities. The Munger Entities can be
16 broken down into several categories: (a) farming entities, (b) processing entities, (c) marketing
17 and sales entities, (d) investment entities, (e) the Kailash entities, (f) the Naturipe Entities, (g) the
18 Crowne Entities, (h) the Ireland start-ups, and (i) non-farming (asset holding) entities.

19 **Farming Entities**

20 13. The overarching entity is Munger Bros., LLC (“Munger Bros.”), of which David
21 and I are each 50% owners. Munger Bros. is a blueberry, pistachio, olive, and raisin grape
22 farming company. Munger Bros. is the sole owner of several subsidiaries.¹

23 14. Sarbanand Enterprises, LLC is an Oregon-based blueberry, hazelnut, and wine
24 grape farming entity. Sarbanand Farms, LLC is a Washington-based, blueberry farming entity.

25 ///

26
27 ¹ Munger Bros., LLC is the sole member or sole owner of the following entities: Crowne Holding Company, LLC;
28 Munger Exports, Inc.; and Saraband Enterprises, LLC. Munger Bros., LLC is a part-owner (member) of the following
entities: Munger Hortifruit NA, LLC (now closed); Naturipe Value Added Foods, LLC; Naturipe RTE, LLC; Naturipe
Brands, LLC; and Naturipe Farms, LLC.

15. Occasionally, some of the Munger Entities use ‘Munger Farms’ or ‘Munger Farms, LLC’ as a d/b/a designation.² David and I each own 50% of Munger Farms.

Monarch Nut

16. Monarch Nut Company, LLC (“Monarch Nut”) is the only entity in which David owns no interest. Monarch Nut is a pistachio receiving, processing, sales, and marketing company operating on leased land. Monarch Nut leases two sorting machines and has other equipment loans through AgWest Farm Credit. It operates on real property leased from me and my wife. Much of the equipment, buildings, and infrastructure used by Monarch Nut is property of Munger Bros.

Naturipe Entities

17. Munger Bros. sells its blueberries under the Naturipe brand. The Naturipe entities, of which Munger Bros. is a part-owner,³ market fresh berries, ready to eat berries, and frozen products.⁴

Crowne Entities

18. The Crowne entities⁵ include receive fresh berries, process berries, sell berries to customers, produce dried berry paste, roasted pistachios, processed pistachios, and holds title to certain business equipment.⁶

Kailash Entities

19. Kailash Farms, LLC, is a hemp grower, processor, and marketing company.⁷ Kailash Wellness, LLC, is a blueberry-based, health and wellness company, conducting research,

² Munger Farms, LLC (“Munger Farms”) is a ‘no activity’ company, holding the rights to the Munger Farms name.

³ Munger Bros. owns a 10% share of Naturipe Farms, LLC and Naturipe Brands, LLC. Munger Bros. owns a one-third interest in Naturipe RTE, LLC. Munger Bros. owns a 28.57% interest in Naturipe Value Added Foods, LLC. Munger Bros. and Hortifruit NA, Inc. formed a joint venture, Munger Hortifruit North America, LLC, in 2016; but the entity is only active to manage administrative affairs (no longer grows anything).

⁴ There are four Naturipe entities (each a Delaware entity): Naturipe Farms, LLC (marketing fresh blueberries), Naturipe Brands, LLC (holds and manages brand rights for Naturipe entities), Naturipe Value Added Fresh, LLC (ready to eat snack company; processing, sales, and marketing; formerly Naturipe RTE, LLC), and (frozen berry sales and marketing company; formerly Naturipe Value Added Foods, LLC Naturipe Foods, LLC).

⁵ Crowne Holding Company, LLC; Crowne Cold Storage, LLC; Crowne Frozen Foods, LLC; Crowne Fruit, LLC; and Evergreen Empire, LLC.

⁶ Crowne Holding Company, LLC (a holding entity for the other Crowne entities), Crowne Cold Storage, LLC (a fresh blueberry receiver and processor), Crowne Frozen Foods, LLC (a frozen blueberry receiver, processor, and seller), Crowne Fruit, LLC (a natural dried berry paste, pistachio roaster, processor, and seller), and Evergreen Empire, LLC (owns several items of equipment).

⁷ MFDI, LLC (“MFDI”) (see below) owns 66.67% of Kailash Farms, LLC.

product development, sales, and marketing (not currently an active company; operations on hold for last nine months). Kailash Wellness, LLC is a Nevada entity, of which 50% is owned by MFDI - NV, LLC, (also a Nevada entity). David and I each own 50% of MFDI - NV, LLC.⁸

Ireland Start-Ups

20. The Ireland start-up entities include technology and marketing companies⁹ which market our products to Irish consumers.¹⁰

Non-farming, Asset Holding Entities

21. The asset-holding, investment (non-farming) entities are Four M & Four S Ventures, LLC (a Michigan entity),¹¹ and two Washington companies, Ocean View Farms, LLC, and Ocean View Estates, LLC,¹² which own real property.

Other Munger Entities

22. MFDI, LLC is as a diversified investment company. We utilize Unisource Ag Management, Inc. for managing risk for over-the-road transport for Munger Entities equipment and risks affecting certain domestic and overseas investments.¹³ CRMX-142, Inc. facilitated a reverse tax-deferred real property exchange.¹⁴ We utilize Munger Exports, Inc. to manage revenue and taxes for exported sales. Finally, we have closed or otherwise shuttered a few entities over the years.¹⁵

23. By way of a recap, David and I each own a one-half interest in the following entities: Munger Bros., LLC; MFDI, LLC, MFDI- NV, LLC; Munger Farms, LLC; Munger Investment Group, LLC; Ocean View Estates, LLC; Ocean View Farms, LLC; Sarbanand Enterprises, LLC; Sarbanand Farms, LLC; and Unisource, Inc. I own the entirety of the

⁸ MFDI – NV, LLC is also sole member of MFDI Ireland Limited (see below).

⁹ MFDI Ireland Limited, of which MFDI – NV, LLC is the sole member. MFDI Ireland Limited (holding company) is part-owner of Brightwarther Pharma, Limited and Oleo Technology, Limited. Brightwater Parhma Limited is a parent company, acting as sole owner of Ole Limited and Budtender Limited. Oleo Technology Limited develops and markets proprietary medical dosage monitoring software and hardware products.

¹⁰ Oleo Limited and Budtender Limited are for marketing products to Irish consumers.

¹¹ MFDI – NV, LLC is part-owner.

¹² David and I are each 50% owners,

¹³ David and I each own 50% of these entities.

¹⁴ David and I are the two directors and each own 50% of the entity.

¹⁵ The following entities are either (a) closed, (b) no longer operational, or (c) Mungers withdrew for participation: MPBI, LLC (liquidated in 2021; not listed on California SOS website); New Day Acres, LLC (liquidated in 2021; not listed on California SOS website); Munger Investment Group, LLC; and Paramount Nurseries, LLC.

1 ownership interest in Monarch Nut, a processing company, with my wife as community property
2 (David does not have any ownership interest in this entity).

3 24. Monarch Nut, Munger Bros., and the other Munger Entities I own are all pass-
4 through tax entities. The last year for which I filed an individual federal or state income tax return
5 was 2022. Janie's and my joint individual income tax 2023 returns are on extension (will be filed
6 before the upcoming October 2024 deadline).

7 25. Janie and I individually own our former residence in Bakersfield and several other
8 lots. Our former residence is vacant and to be listed and sold.

9 **Munger Entities' Financial Distress**

10 26. The Munger Entities' overall financial picture has taken a turn for the worse over
11 the last five years. In 2019, we had positive net operating income of \$2.3 million. In 2020 net
12 operating income was just \$1.9 million¹⁶. In 2021, ignoring legal settlements and asset sales, the
13 Munger Entities *lost* \$3.7 million. In 2022, the Munger Entities suffered another operating *loss*
14 of over \$11.2 million.¹⁷ Our financial experts anticipate¹⁸ total net operating *losses* for Munger
15 Entities of \$15.6 million in 2023. As of today, we expect 2024 operating *losses* to be in the
16 ballpark of \$12 million.

17 27. As explained in further detail below, business losses over the last few years are
18 due to (a) adverse weather conditions (i.e., severe droughts in California), (b) commodity pricing
19 (beyond our control), and (c) steep input cost increases (especially labor, fertilizer, and utilities).

20 **Oregon and Washington Blueberry Production**

21 28. A heat dome gripped Oregon and Washington in June 2021, followed by record
22 flooding in Washington in November 2021 (resulting from an atmospheric river) and additional
23 flooding in January 2022. Total production in 2022 was stable in the Pacific Northwest, but, the
24 quality of sellable 'fresh' fruit fell from 65%-85% to between 23% (Oregon) and 45%
25 (Washington) due to unusually high temperatures. In 2023, Oregon blueberry production

26 ¹⁶ After backing out capital gains from farmland sales.

27 ¹⁷ Arrived at by taking operating loss of \$24.5 million, plus interest, gains, and crop insurance proceeds. Crop
28 insurance proceeds for 2022 were \$11.6 million. Munger Bros. lost over \$14 million. Sarbanand Farms, LLC had
positive income of approximately \$918,000. Monarch Nut had positive income of \$133,000.

¹⁸ Our 2023 books are currently under third party audit.

1 increased, but production in Washington fell. Munger Entities was not alone – statewide
2 production for 2023 for all growers in Oregon and Washington fell well below expectations.

3 California Blueberry Production

4 29. 2023 blueberry production in the San Joaquin Valley was delayed due to cooler,
5 wet weather, which caused later sales, which, unfortunately, coincided with lower prices and
6 lower market demand.¹⁹ Unfortunately, the 2024 San Joaquin Valley blueberry crop came in
7 even lower than the 2023 production levels. In the San Joaquin Valley, production dropped to
8 8.8 million pounds in 2022, briefly rebounded in 2023, and dropped again to 8.9 million in 2024.
9 In the Stockton region, Blueberry production dipped from 12 million pounds in 2018 to just over
10 3.1 million pounds in 2022, and approximately 5 million pounds in 2023 and 2024.

11 Pistachio Production; Falling Commodity Price

12 30. For pistachios, an alternative bearing crop, on-year yields normally averaged
13 around 4,000 pounds per acre, with off-year yields at between 2,000 and 2,500 pounds per acre.
14 In 2022, pistachio production was 40% lower than expected, industry-wide. Our production was
15 just over 4.7 million pounds in 2022, compared with our average of 9.4 million pounds over 2019,
16 2020, 2021, and 2023.

17 31. Pistachio prices per pound dropped from \$2.75 in 2020 to \$1.95 in 2022, and sat
18 around \$1.75 in 2023. This affected our revenues and our land valuations. The ‘opening grower’
19 price for pistachios in 2024 is \$1.50 per pound; and weights are down due to excessive heat during
20 the 2024 growing season.

21 Increasing Operating Costs

22 32. Our labor costs for blueberries have increased by 30% since 2019, and account for
23 40%, on average, of our total blueberry costs. Another wage increase in 2024 will further increase
24 costs. This is true for several of the entities.

25 33. During the pandemic, supply chain costs increased drastically. Labor costs (as
26 noted above) greatly increased post-pandemic. Water costs ballooned in 2022—to around \$1,000
27 to \$1,200 per acre-foot (\$2,000 per acre foot, fully loaded), as opposed to \$400 per acre-foot in

28 ¹⁹ Blueberry prices are usually higher early in the season, when supply sits well below market demand.

2023. Regulatory pressures on groundwater use, largely due to SGMA, is impacting our farming activities

34. Inflation took a large toll in 2023 to present—our interest expense went from \$4.3 million in 2021 to \$6.4 million in 2022 and \$9.1 million in 2023.

Net Losses Driven by Falling Operating Income

35. Operating income for the Munger Entities' farming business started near \$2.3 million in 2019, fell to around \$1.9 million in 2020, then went negative in 2021, with operating losses at \$3.7 million. Operating losses grew substantially in 2022, to approximately \$11.2 million. Once the companies' books are fully audited, operating losses for 2023 are anticipated to be \$15.6 million. 2024 operating losses for the Munger Entities are anticipated to be approximately \$12 million.

36. Even with crop insurance proceeds at \$11.6 million in 2022 and \$8.8 million in 2023, net income plummeted to losses of \$10.2 million in 2022 and expected losses of \$11.8 million in 2023.

Fallout from Eriksson Backing out of its Contract with Munger Bros.

37. David and I entered into a long-term development, marketing, and processing agreement with Eriksson LLC. As part of this agreement, the Munger Bros. agreed to develop and manage approximately 3,500 acres of pistachios for Eriksson. In addition, the 3,500 acres of pistachios would be processed at Monarch Nut until 2042, assuring adequate supply for the processing operation.

38. In September of 2018, Eriksson cancelled the agreement, contending that the Munger Bros. was in breach of the agreement. This matter ultimately was arbitrated by a three-judge panel in Fresno, California. The arbitrators rendered a decision in favor of Munger Bros., on July 23, 2021. Subsequently, a mediation took place and the case was settled. Munger Bros. is to receive approximately \$89 million over a ten-year timeframe (paid out from 2022 through 2032). Although the settlement is significant, the Munger Entities continue to sustain significant loss of revenue through 2042, the date the Eriksson contract would have expired. It was anticipated that the Munger Entities would have received an additional \$80 million in revenue from this

1 contract had it remained in place until 2042. Thus, the Munger Entities continue to sustain
2 significant operating losses as a result of Eriksson's termination of the agreement. The Munger
3 Entities expanded their processing facility expecting volume from Eriksson, and are now stuck
4 operating a larger facility, at a higher operating cost.

5 **Distressed Loans from AgWest Farm Credit**

6 39. Interest rates on loans from AgWest Farm Credit increased from 3% in 2021, to
7 6.75% in 2022, and up to 8.3% in 2023 remain at this level today. This reality, coupled with
8 increased operating costs and lower revenues led Munger Entities' credit line obligations to jump
9 from \$44 million at year-end 2020, to nearly \$81 million by the end of 2023. Additional
10 borrowing in 2024 increased our credit line obligations to \$104 million as of August 31, 2024.
11 We bumped up against the borrowing limit on the credit lines on or about March or April, 2024.
12 Longer-term debt (including real estate debt) with AgWest Farm Credit sat at \$62 million in 2020.

13 40. Currently, between revolving debt and long-term debt, we owe AgWest Farm
14 Credit approximately \$140,000,000.

15 41. I am personally liable on the AgWest Farm Credit loans, as are my wife and David,
16 as we are co-borrowers. We already very close to the borrowing limits on the AgWest Farm
17 Credit lines of credit. AgWest Farm Credit cooperated with us to refinance our loan portfolio in
18 mid-2023. But, AgWest Farm Credit has made it clear they will not increase our credit lines any
19 further without significant debt reduction. We are at or near the limit on loan-to-value metrics.
20 As commodity prices have fallen, the underlying agricultural land values have fallen in turn.
21 Although as of the Petition Date AgWest Farm Credit had not issued a 'distressed loan' notice,
22 but, my understanding is AgWest Farm Credit was considering issuing such a notice as of the
23 Petition Date.

24 42. To further demonstrate the cash crunch, Munger Bros. took multiple loans from
25 MFDI. The loan obligation to MFDI stood at \$26.4 million as of year-end 2023. Currently,
26 Munger Bros. currently owes MFDI \$40.7 million. Separately, my wife and I owe MFDI \$3.8
27 million, which I took personally. Anticipated losses of \$12 million for the Munger Entities in
28 2024 are only compounding our liquidity issues.

1 **Decline in Land Values**

2 43. Since 2020, the value of our land holdings (including land owned by myself and
3 Janie, and land owned by the Munger Entities) has dropped from \$305 million to \$214 million as
4 of the petition date. This is primarily due to a drop in commodity pricing and water
5 issues/concerns.

6 **Personal Withdrawals from Munger Entities**

7 44. Cumulatively, Janie and I have withdrawn an estimated \$17.5 million more than
8 David from the Munger Entities. Under the terms of the Munger Entities' governing documents,
9 my wife and I would owe David approximately \$8.75 million (to equalize distributions). David
10 recently served me with a Demand for Arbitration, in part, to resolve the capital account
11 imbalance in Munger Bros. based on over withdrawals by my wife and I. I do not have \$8.75
12 million in cash or cash equivalents, with which I can repay David. Cash held by MFDI dropped
13 from just over \$24.8 million at year-end 2021. As of August 31, 2024, MFDI held cash deposits
14 of \$1.3 million.

15 45. As our CEO, Robert Hawk will attest, Janie habitually called Mr. Hawk and
16 requested distributions from Munger Entities accounts. And, such distributions were freely
17 granted. Much of those funds were acquired via loans from AgWest Farm Credit. This practice
18 came to a stop in 2023. Munger Bros., LLC ceased member distributions in August 2023;
19 thereafter, distributions to myself or David came from MFDI— but, due to MFDI's declining cash
20 position, distributions from MFDI ended in December, 2023.

21 46. As of January 1, 2024, David and I no longer receive draws, we receive guaranteed
22 payments of \$650,000 per year (spread equally over twelve months), pursuant to a December 16,
23 2023 Munger Entities company resolution. The resolution reflected concerns expressed by David
24 and AgWest Farm Credit over excessive withdrawals by Janie and myself. The resolution also
25 expressly ended Janie's ability to charge corporate credit cards, since Janie was not working for
26 the Munger Entities. The resolution did not allay all concerns—early on in 2024, AgWest Farm
27 Credit met with myself, David, Mr. Hawk, expressing concerns over operating liquidity and
28 adherence to working capital requirements in the loan terms. I met again with AgWest Farm

1 Credit in August 2024 and am continuing to talk with AgWest Farm Credit about debt reductions
2 and 2025 crop financing.

3 47. I cannot draw more funds from the Munger Entities to pay personal unsecured
4 creditors—I cannot starve our business of the very funds it needs to pay trade creditors and to
5 stay afloat.

6 **Dissolution of Marriage Case**

7 48. I am the Respondent a pending dissolution of marriage action in Kern County
8 Superior Court, cause no. BFL-23-002938, filed by my wife, Janie Munger (the “dissolution
9 case”). To date, the court in the dissolution case has not entered a judgment of dissolution or
10 divided the community estate. There is no trial date yet. My attorneys in the dissolution case are
11 Sandra P. Mendell, of Jaffe Family Law Group and Stacy H. Bowman of Coleman & Horowitz.

12 49. Janie and I have incurred hundreds of thousands of dollars in attorney’s fees in the
13 dissolution matter. I have made multiple efforts to resolve the dissolution case, but Janie has
14 rejected my multiple settlement proposals. Janie “does not believe we have financial stress.”

15 50. On September 6, 2024, in the dissolution case, Janie and I agreed to sell our Eagle
16 Crest residence (the now-vacant marital residence) and to value two other community property
17 real properties (one damaged residence and another plot of vacant land) (No order has been
18 entered). Janie has stymied efforts to retrieve \$230,000 held in a safe at the Eagle Crest residence.
19 Janie also deposited (into an account in her name), and kept beyond my reach, insurance proceeds
20 for upwards of \$255,384, to be used for repairs on the damaged home on Finchley. On September
21 6, 2024, Janie and I also agreed to sell a 7.05 carat investment diamond—which, until that time,
22 Janie had refused to sell. My wife has also not accounted for money she received from her cousin
23 meant to repay a loan to us.

24 51. I need the structure of the bankruptcy process to process asset sales in an orderly
25 manner to reduce debt and propose a Chapter 11 plan.

26 **Breathing Room**

27 52. The dissolution of marriage case is just the ‘icing on the cake’ in terms of our
28 financial struggles. Based on projected business losses for 2024, I cannot foresee the Munger

1 Entities' liquidity situation improving in the near future.

2 53. The bankruptcy process affords Janie and me certain benefits not available in our
3 dissolution action. Janie and I are both personally liable on the AgWest Farm Credit debts; we
4 simply have to liquidate assets and pay down debts and the taxes that result from the liquidation.

5 54. Since Janie filed for divorce, I have lived a relatively modest lifestyle in
6 comparison with Janie. Janie remained in the marital residence until very recently, a nearly 6,800
7 square foot residence. I am renting a smaller home. I have been paying spousal support to Janie
8 in the amount of \$35,000 each month (from the \$54,166 I receive each month from Munger
9 Entities).

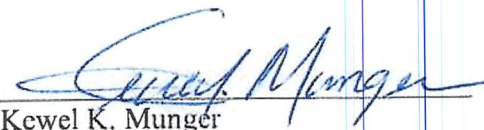
10 55. I have attempted to settle the dissolution of marriage case with Janie on several
11 occasions, including two failed mediations.

12 56. I am currently engaged in discussions with AgWest Farm Credit about downsizing
13 and application of sales proceeds of non-producing assets. I am also actively considering and
14 evaluating whether to make an election under Internal Revenue Code section 1398 (split tax year).
15 I am also seeking an estimate of the estimated tax liability associated with liquidation of assets,
16 which could be in the millions of dollars.

17 57. Most of my net worth is tied up in entities, which need the land and equipment
18 they own or lease (and which Janie and I lease to them) to keep functioning. The automatic stay
19 will provide me the breathing room I need to identify and liquidate assets in a selective manner,
20 in an above-board process, so we can ensure our business stays operational.

21 I declare under penalty of perjury under the laws of the United States of America that the
22 foregoing is true and correct.

23 Executed this 8 day of October, 2024, at Bakersfield, California.

24
25 
26 Kewel K. Munger
27
28